

Political lobbying in Washington and its relevance to Sri Lanka

Lobbying by Lankan Government

There have been media reports that the Government of Sri Lanka too had retained professional lobbyists in Washington DC to influence US foreign policy towards Sri Lanka. There are powerful pro-separatist lobbies trying to secure US support for their separatist agenda.

POLITICAL lobbying is a constitutional right in the US and the industry functions under a Code of Professional Ethics and the work of lobbyists also comes under congressional scrutiny.

The founding fathers of the US Constitution have clearly stated that the citizens have a right to petition their elected representatives. The US Constitution also guarantees the freedom of speech and the right to form associations and thus the power of associations in the US is phenomenal, unlike in other countries.

The origin of lobbying comes from the British Parliamentary tradition where people could meet the elected representatives in the lobby of the Parliament and discuss their grievances and sought remedies.

The Dictionary of American Government and Politics defines lobbying as "any individual, group or organisation that seeks to influence legislation or administrative action.

Lobbyists can be trade organisations, individual organisations or public interest groups... The term arose from the use of the lobbies, or corridors of legislative halls, as places to meet with and persuade legislators to vote a certain way. In the US the right to attempt to influence legislation is based on the US Constitution which holds that the Congress shall make no law abridging the right of people to petition the government for a redress or grievance."

The lobbying is now more about the art of lobbying the congress and this extends to creating a positive image, advocacy journalism and through public relations (PR) and public diplomacy (PD).

Meaning of lobbying

With the advent of electronic media and the accessibility to tools of mass media, the lobbying industry has revolutionised the style and methods of lobbying. There are thousands of media organisations, newspapers and other periodic literature. It would be impossible for an individual, organisation or even a country to access the legislature, bureaucrats or policymakers unless engaging a professional lobbyist.

The image of an individual, organisation and a country could be tarnished through adverse media and this has a direct bearing on the US foreign policy. The damage control would require experts in the field and political influ-



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ence would be required to effect changes in official policy on certain issues of concern. US foreign policy is linked with other legislative controls such as US export control laws and congressional monitoring of foreign assistance.

The Government of Sri Lanka is not alone in hiring lobbyists in Washington; there are other countries which have actively engaged in lobbying US policymakers on various issues such as getting a bigger slice of US foreign aid, on technology transfers and securing more investments, etc.

The most notable lobbying firm is Patton Boggs LLC, which has been enlisted by foreign organisations and governments where the efforts, resources and diplomats employed by official diplomatic mission in Washington DC have been found inadequate to deal with the massive organisational struc-

ture of the US Government.

There are various interests and pressure groups trying to push through their political agendas through political influence and advocacy. Though Washington DC is the epicentre of lobbying in US, the industry also thrives in other parts of the world such as London, Brussels (matters relating to the European Union) and in other countries where representative democracy is practiced.

Power of money

Since the US is the economic power in the world, the power of money plays a dominant role in shaping legislature and government policy. The annual US budget provide details of public expenditure figures in trillions. Lobbying issues rank from gun control, automobile industry, and aviation

industry, pharmaceuticals and healthcare, labour unions, armaments and munitions industry, construction, agriculture, banking, and a host of other issues of concern to individuals, organisations and associations and even foreign countries.

Since the success of lobbying is to a large extent centres around the money that can be fed for a cause, it has its negative impact in US politics. There have been massive scandals surrounding the lobbying industry and other corrupt deals with legislators. The professional approach to lobbying however does not involve money; it is about the art and skill of conducting public affairs and bringing pressure on the legislators and government policymakers.

US politics is very responsive to public opinion and it could persuade policymakers to think twice before implementing policies. Money would of course be required to access the mass communication channels which have become very powerful in setting political agendas. There are critics who are concerned about the undermining American values and basic tenets of representative democracy through the process of lobbying where private interests, pressure groups, special interest groups might tend to capture the political decision making process at the cost of general public. This would distort the public mandate over which a government is elected.

The American Israel Public Affairs Committee (AIPAC) is the most effective lobbying organisation in Washington DC and it maintains a fully-fledged office in the US to garner support for Israel. It has succeeded in securing US support through a professional approach to lobbying.

The influence of AIPAC is remarkable and no other lobbying organisation is as powerful as AIPAC. The Washington Post reported that "much of AIPAC's influence lies in the extensive civic participation of its supporters, the high profile role of board members in making and raising US election campaign contributions, the strong ties of AIPAC to the Government of Israel, the strategic importance of Israel to US interests. Every two years AIPAC offers each new member of the US Congress a trip to Israel."

FT Quote

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Success of lobbying in US depends on the strength of money that one party can throw to dilute the influence of the other. Being a poor country with a massive debt burden it would be very costly for the Government to hire professional lobbyists to advance the cause of Sri Lanka amidst a hostile foreign policy towards the US.

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Money spent on lobbying in Washington DC could produce results if domestic political actions are made in keeping with our international commitments.

The US has been a key ally of Sri Lanka and has been instrumental in providing military and political support to fight the war against ruthless terrorism. The Government was successful in persuading the US to ban the LTTE as a terrorist organisation thanks to the effective diplomacy of former Foreign Minister late Lakshman Kadirgamar. The Government must now keep a close watch over separatist agendas overseas.

In order to garner US support, the Government is now bound by international commitments to transform domestic political issues such as establishing rule of law, ensuring the independence of the Judiciary, transparency in public expenditure, nurturing political dissent and protecting media freedom.

The most important task of the Government is to find a political solution to the ethnic issue where minorities could live with dignity. Any attempt at resolving the domestic political issues would certainly enhance the battered image of Sri Lanka.

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Chandra J writes to IMF's Koshy on Article 4 report

Good governance activist Chandra Jayaratne has written to IMF Resident Representative Koshy Mathai on the need for greater discussion on the Fund's Article 4 Report on Sri Lanka. Following are excerpts from Jayaratne's letter to the IMF Rep, which has been copied to Deputy Finance Minister, Secretary to the President, Secretary, to the Treasury, Governor, Central Bank, Banking Ombudsman, Chairman, Ceylon Chamber of Commerce, President, Bankers Association, President, Organization of Professional Associations, President, Sri Lanka Economic Association, President, Chartered Financial Analysts Association, Executive Director, Institute of Policy Studies, Executive Director, Transparency International Sri Lanka and the media

I am grateful you and the International Monetary Fund for the web publication of the transcript dated 2 May 2013, of the recent press conference on the IMF Article IV report. This web publication paves the way for the establishment of a transparent and direct public communication process, covering what transpired at the meeting, including the specific questions raised and

your answers.

It is my belief, that you will be happy to extend this niche opportunity further, for effective, transparent and direct communications with members of the public, thus creating a space for further questions and answers on relevant and associated issues linked to the IMF Article IV report.

Your agreement to facilitate the aforesaid process will not only establish a direct public communication channel following the release of IMF country specific reports, but also encourage citizens led transparent accountability mechanisms being established and enforced, leading to good governance and resultant economic growth and prosperity. This would in addition be welcome opportunity by the civil society as a whole and a continuation of the commendable recent initiative by way of a Twitter linked public communications process entertained by the Secretary to the President.

I therefore seek your kind agreement to engage in a transparent public response to the under noted five questions which are fully aligned with the intentions of the public release of the IMF Article IV report.

These five questions are linked to the assurance of the macro-economic stability, effectiveness and good governance and risk management of the banking, leasing and financial services sector, a key sector influencing sustainable future growth, being a also a sector significantly impacted by monetary policy, monetary management/stability:

Can the two policy rate cuts imposed by the Central Bank over the last seven months and the significant reduction in Statutory Reserve Ratio by two percentage points from 8% to 6% announced effective



IMF Resident Representative Koshy Mathai

July 2013, by itself be sufficient to promote and enhance value adding credit growth associated with competitive lending rates, and spur sustainable and inclusive growth? Are there any associated more priority and fundamental socio-economic policy reforms and trade and business friendly operating environment creation strategies and linked governance practices in general, that must be signalled with leadership commitment for inclusive and sustainable growth to be a reality in Sri Lanka?

Are the stakeholder risks of banks, leasing companies and financial services entities operating in Sri Lanka, especially risks of depositors, effectively managed? Have such risks been enhanced in the past year by the;

Enhanced lending to State-Owned Enterprises

Foreign currency borrowings of banks, leasing companies and financial services entities operating in Sri Lanka,



Good governance activist Chandra Jayaratne

Portfolio mismatches of borrowings and lending of banks, leasing companies and financial services entities operating in Sri Lanka,

Excessive investments in long term projects by banks, leasing companies and financial services entities operating in Sri Lanka,

Statutory Reserve Ratio reduction and state directed credit growth of banks, leasing companies and financial services entities operating in Sri Lanka,

Will good governance expectations and international best practices led commitments in the direction, operation and management of private banks, leasing companies and financial services entities operating in Sri Lanka, be negatively impacted or influenced by any pressure exerted by the authorities, through the appointment of directors to such boards, leveraging the voting power of state controlled provident/pensions and trust funds, state owned

banks, state insurers,

Should the Central Bank and the Ministry of Finance, with the intent of greater transparency and good governance, annually compute and table as a part of the fiscal responsibility management report, the fiscal gap?

Are there any reforms and best practices led change management process, that IMF would recommend to make the computation of published key economic outcomes more transparent and accurate in the Sri Lankan context (examples like GDP growth rate, GDP sector performance, per capita GPD, Inflation, budget deficit, trade balance and balance payments, unemployment statistics, household income data, poverty indices, tourism inflows, worker remittances, etc.?)

The responses to the above questions as a continuing process of supplementing, extending and updating the transparent communications and public awareness process initiated by you and International Monetary Fund, linked to the Public Information Notice and transcripts of the press conference on the IMF Article IV report, will be greatly appreciated and add value public awareness, public debate and good governance led advocacy by stakeholders of society.

These responses will also be of particular interest to business leaders, academics and analysts and also to stakeholders of banks (especially depositors), examining risks of the banking and financial services sector and looking for amber lights that may signal a potential banking crisis in the offing in the future requiring prior effective risk management.

I look forward to your kind public response.